

## Singapore: Licensing requirements for cybersecurity service providers come into effect

Providers of managed security operations centre monitoring services and penetration testing services have to apply for the required licence by 11 October 2022

### In brief

Providers of managed security operations centre monitoring services and penetration testing services, collectively referred to as licensable cybersecurity services (**LCS**), should note that Part 5 of (and the Second Schedule to) the **Cybersecurity Act 2018** will enter into force on 11 April 2022, implemented by the **Cybersecurity (Cybersecurity Service Providers) Regulations 2022**. To assist LCS providers in applying for the required licenses, the Cybersecurity Services Regulation Office has published an **online collection of resources** including **application guides** and a **licensee information package**.

Below is a summary of the background and aims of this licensing framework, as well as the criteria for the granting of an LCS licence, the timeframe and the procedure.

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## Background to licensing framework

One of the objectives of the Cybersecurity Act, which establishes a legal framework for the oversight and maintenance of national cybersecurity in Singapore, is to establish a "light-touch" licensing framework for the cybersecurity service providers. This licensing framework supports the efforts by the Security Agency of Singapore (**CSA**) to raise awareness and encourage adoption of cybersecurity solutions by businesses by addressing three main considerations:

- Ensuring LCS are "fit and proper", capable of reducing safety and security risks due to LCS' significant access into their clients' computer systems and networks, and their deep understanding of their clients' cybersecurity posture and vulnerabilities
- Introducing a licensing framework, which at the outset will be light-touch and will impose no quality requirements, akin to a registration regime, but with progressive raising of the quality of cybersecurity service providers (**CSPs**) through the future introduction of a code of ethics and certain baseline competency requirements
- Assisting potential clients, especially smaller buyers who do not have in-house cybersecurity expertise, identifying credible CSPs appropriate for their risks and budget and increasing the demand for such services

The CSA ran an **industry consultation on the proposed licence conditions and subsidiary legislation** from 20 September 2021 to 18 October 2021. On 11 April 2022, the **CSA's overview of the feedback** was released with responses received on specific areas of feedback, which we will note below in explaining specific points of the criteria for the granting of a LCS licence and the licensing conditions.

## Criteria for the granting of a LCS licence

### **LCS: in-scope, and exempt entities, businesses and activities**

All cybersecurity service providers, unless exempt, that provide either or both of the following LCS:

- managed security operations centre monitoring service: providing an around-the-clock cost-effective solution to continuously monitor and analyse an



organisation's security posture for protection against both external and internal/insider cybersecurity threats and respond promptly to cybersecurity incidents

- penetration testing service: simulating attacks to test the cybersecurity of Infocomm technology, operational technology, industrial control systems, infrastructure, network or web/mobile applications and perimeter defences

to the Singapore market are required to obtain a CSP licence regardless of whether they are:

- companies directly engaged in such services — where multiple entities, or entities within the same corporate group, partnership, consortium, or legal arrangement, are involved in the provision of licensable cybersecurity services for the same client(s), each entity is required to take up a licence
- individuals, such as freelancers or sole proprietorships owned and controlled by individuals, who are engaged for such services
- third-party cybersecurity service providers that provide these services in support of other cybersecurity service providers (e.g., sub-contractors who are in the business of providing LCS but may not be directly engaged by or have any direct contact with the main contractors' clients)
- resellers or overseas cybersecurity service providers who provide LCS to the Singapore market

The following entities are **exempt** from licensing requirements:

- entities that assist in ways that do not constitute the provision of a LCS, such as vendors merely providing cybersecurity programs or tools to be installed by the users without further assistance from the vendors
- entities that provide services other than for reward during the course of business
- entities that provide services to a related company for the latter's own benefit

## Fit and proper criteria

To be eligible for a licence, the applicant is required to be "fit and proper":

individual	business entity
<ul style="list-style-type: none"> <li>• has not been convicted in Singapore or elsewhere of any offence involving fraud, dishonesty or moral turpitude</li> <li>• has not had a judgment entered against the individual in civil proceedings that involved finding of fraud, dishonesty or breach of fiduciary duty on the part of the individual</li> <li>• is or was not suffering from a mental health condition (or the mental health condition is properly managed and certified by a qualified physician or healthcare professional)</li> <li>• is not an undischarged bankrupt or has not entered into a composition with the creditors of the individual</li> <li>• has not had a licence revoked by the licensing officer previously</li> </ul>	<ul style="list-style-type: none"> <li>• has not been convicted in Singapore or elsewhere of any offence involving fraud, dishonesty or moral turpitude</li> <li>• has not had a judgment entered against the business entity in civil proceedings that involved finding of fraud, dishonesty or breach of fiduciary duty on the part of the business entity</li> <li>• all officers of the business entity (director, partner, manager or any other person listed in the business entity's business profile, excluding shareholders who are not directors or partners and the company secretary) are "fit and proper" persons to be officers of a business entity holding the licence;</li> <li>• is not in liquidation or is the subject of a winding-up order, or has not had a receiver appointed in relation to the business entity, or the business entity has not entered into a composition or scheme of arrangement with the creditors of the business entity</li> <li>• has not had a licence revoked by the licensing officer previously</li> </ul>

A business entity applicant should specify one key executive officer, who is responsible for the proper administration and overall management of the business entity and supervision of its employees. The remaining officers of the business entity would be termed as key officers in the licence application.



<b>Application timeline</b>	<p>Upon the launch of the licensing framework on 11 April 2022, all in-scope providers of LCS that are engaged in the business of providing LCS have until 11 October 2022 to apply for a licence by submitting an <b>online licence application to Cybersecurity Services Regulation Office (CSRO)</b> using their CorpPass or SingPass.</p> <p>Providers that have submitted their application to the CSRO between 11 April 2022 and 11 October 2022 may continue to engage in the business of providing LCS until a decision is made on their licence application.</p> <p>The CSRO has indicated that the processing of new licence applications will take up to six weeks, starting from the receipt of the complete application including all supporting documents. The CSRO will notify the applicant of the outcome of the application via email.</p> <p>In the event that the application for a licence is refused, the provider will not be allowed to engage or continue to engage in the business of providing LCS.</p> <p>Any providers providing the LCS after 11 October 2022 or advertising their LCS, without having lodged an application for a licence for the LCS they engage in, will be deemed to be operating illegally and be liable on conviction to a fine not exceeding SGD 50,000, to imprisonment for a term not exceeding two years, or to both. Additionally, an unlicensed cybersecurity service provider will not be allowed to recover any fees for the service provided.</p>
<b>Fees</b>	<p>Business entity: SGD 1,000</p> <p>Individual: SGD 500</p> <p>A 50% fee waiver will be granted on all applications lodged by 11 April 2023.</p>
<b>Licence Validity Period</b>	<p>Two years from the date of licence issuance. Licensees who submit a renewal application before the start of the renewal period will continue to have use of the licence until the date on which an outcome on the renewal application is reached.</p>
<b>Licence conditions, continuing obligations</b>	<p>The licensee will have to comply with the following ongoing licensing and conduct conditions:</p> <div data-bbox="432 1077 1367 2020" style="border: 1px solid black; padding: 10px;"> <p>Professional conduct — to provide a baseline level of protection for consumers of cybersecurity services, licensees must comply with requirements such as:</p> <ul style="list-style-type: none"> <li>• Maintaining confidentiality about their clients' information</li> <li>• Not making any false representation in advertising their services or in the provision of its service</li> <li>• Exercising due care and skill</li> <li>• Acting with honesty and integrity</li> </ul> <p>The licence condition relating to safeguarding of client information is limited to the collection, use, and disclosure of information relating to the person procuring or receiving the licensable cybersecurity service, to allow responsible vulnerability disclosure.</p> <p>Record keeping, comprising of:</p> <ul style="list-style-type: none"> <li>• Information on the person engaging with the licensee</li> <li>• Information on the person providing the service on behalf of the licensee</li> <li>• Date or date range on which the service was provided</li> <li>• Details of the type of service provided</li> </ul> <p>Records should be kept for at least three years.</p> <p>Assist in investigations: licensees are to provide the licensing officer with information concerning breaches by licensees or matters relating to the licensees' continued eligibility to be a holder of the licence.</p> <p>Timely notification of changes: to notify the CSRO within 14 days of the following changes:</p> <ul style="list-style-type: none"> <li>• changes that affect the "fit and proper" status of the licensee and/or officers of the business entity licensee</li> <li>• appointment or removal of officers of the business entity</li> <li>• changes to or inaccuracies in the names, designations, addresses or contact particulars of the licensee and/or its officers of the business entity</li> <li>• where the licensee and/or its officers of the business entity licensee have been declared bankrupt or have gone into compulsory or voluntary liquidation, other than for the purpose of amalgamation or reconstruction</li> </ul> </div>



<ul style="list-style-type: none"><li>criminal convictions or civil judgments entered against the licensee and/or the officers of the business entity for offences or proceedings involving fraud, dishonesty, breach of fiduciary duty, moral turpitude, or any offences under the Cybersecurity Act</li></ul>
Continue to fulfil "fit and proper" criteria: any new key officer who is appointed must be fit and proper, failing which may result in punitive measures being imposed on the licensee, including revocation or suspension of the licence.
No unauthorized usage of the CSRO logo



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